

# **COMMERCE & INDUSTRIES DEPARTMENT, GOVERNMENT OF SIKKIM**

## **I. Background/Introduction**

In Sikkim, industry plays a vital role in the economy of the State. Sikkim has seen a great boom in the industries in the recent years. Sikkim has now emerged as an Industrial Hub.

Sikkim had long been an agro-based society, but situations changed thoroughly in the recent years. With the acceleration in the socio-political aspect of the society of Sikkim, the growth of industry in Sikkim has been tremendous.

It is noteworthy that the growth in the industries of Sikkim is a resultant effect of the continuous endeavor of the Government of Sikkim. The Department of Industries in Sikkim is instrumental in bringing about a rapid growth in the industries of Sikkim. The Department of Industries has formulated certain policies such as Sikkim Industrial Promotion and Incentive (SIPI) Act, 2000 and its subsequent Amendments in 2003 and 2007.

Some of the industries of Sikkim that deserve a special mention in this context are:

- J Pharmaceuticals - eg. Sun Pharma Laboratories Ltd., Cipla Ltd., Alkem Laboratories Ltd., Glenmark Pharmaceuticals Ltd., Torrent Pharmaceuticals Ltd.
- J Eco-tourism(Hotels) - eg. Mayfair Spa & Resort Pvt. Ltd., Saramsa Resort Pvt. Ltd., Suhim Portico, Hotel Demazong, Hotel Modern Residency.
- J Food Processing – Govt. Fruit Preservation Factory (GFPPF),C.G. Foods (India) Pvt. Ltd.,
- J Breweries - Denzong Albrew Pvt. Ltd., Yuksom Breweries Ltd., Mount Distilleries Ltd., Sikkim Distilleries Ltd., Himalaya Distilleries Ltd.
- J Cosmetics - Zydus Wellness
- J Security Ink - SICPA India Pvt. Ltd.
- J Mattress - Sheela Foam Pvt. Ltd.
- J Corrugated Boxes - Nextgen Printers Pvt. Ltd.

An estimate of the achievements of the government in exulting the status of the Sikkim Industry are:

- J Revival of the Government Food Preservation Factory under the Government of Sikkim
- J Formation of:
  - o Temi Tea Estate Board
  - o Prime Minister's Employment Generation Programme
  - o Directorate of Handicrafts and Handloom
  - o Sikkim Industrial Development & Investment Corporation LTD. (SIDICO)
- J Other Programs, viz.:
  - o Industrial Growth Center: Three industrial units namely; Glenmark Pharmaceuticals, Greenways Pvt. Ltd. and Suraj & Co. are functioning.

For the above purpose the Sikkim Government had established the Directorate of Industries which was set up in the year 1977 with the main focus of promoting and developing industries in the State of Sikkim. The Directorate helped in establishing industries and accomplished many goals after its inception like imparting training to the local youth in various handloom and handicrafts techniques and setting up training centers at various places of the state so that the artisans of the age old methods of making ethnic products like thanka paintings, wood carving, etc. could be self sufficient and self reliant.

The Directorate also provided financial assistance to the budding entrepreneurs of the state with a view of creating greater job opportunities to the local youth who had been solely dependent on government sector and agriculture for employment till then.

In the year 2003, this Directorate was converted and renamed Department of Commerce & Industries vide Notification No. 53/home/2003 dated 13.08.2003.

The basic objective of converting the Directorate to Department of Commerce & Industries was to bring about rapid industrialization in the state so as lure national and international corporations to the small state of Sikkim by way of providing various incentives and subsidies so that they could invest and play an active role in the economic development of the state. This would

in turn help to overcome the growing problem of unemployment and also to compete with the other states of the Indian Union towards economic prosperity. All types of industrial activities come under its purview.

The Department is headed by the Principal Secretary. The Department has its Head Office at Gangtok (East Sikkim) with two District Industries Centers, one in Gangtok itself covering the north and the east districts and the other at Jorethang (South District) covering the entire south and the west districts.

## **II. NEW POLICY INITIATIVES**

Prior to the Government of India enacting the “Micro, Small and Medium Enterprise Development Act”, the focus of the Department was mostly to help the local entrepreneurs establish their own enterprise. In the above mentioned Act, the Government of India, defined the word ‘Enterprise’ instead of the word ‘Industry’ so as to incorporate the service sector as well under its purview and to give due recognition.

Enterprises were categorized according to the investment made in plant and machinery for manufacturing enterprises and in case of service sectors, investment made in equipment. But this categorization was applicable to only those sectors which started its operation since the 2nd day of October, 2006. Besides, the Government of Sikkim has also issued 220 number of registration to MSME units so that the industries of Sikkim can take another stride in its march towards globalization.

In order to simplify the system of filing up Entrepreneurs Memorandum (EM) Part – I and Part under Make in India initiative, a new Notification dated 18/09/2015 from Ministry of MSME, Government of India has notified the procedure for filing the Udyog Aadhaar Memorandum (UAM) which now replaces the existing EM part – I & part – II to by way of online filing by the existing entrepreneurs. DICs are actively conveying the entrepreneurs including PMEGP beneficiaries to file the UAM online.

### ***1. North East Industrial and Investment Promotion Policy (NEIIPP), 2007.***

The Government of India approved a package of fiscal incentives and other concessions for the North- Eastern region including Sikkim namely, ‘The North East Industrial and Investment Promotion Policy (NEIIP), 2007’, effective from 1st April, 2007, which envisages large number of incentives/

subsidies viz., Excise Duty exemption, Income Tax exemption, Capital Investment Subsidy, Interest Subsidy under this Policy, 110 no. of industrial and service enterprise were registered to avail the benefit. However, the registration of individual units under the Scheme has been suspended w.e.f.1.12.2014 due to which the pace of industrialization has slowed down in the State of Sikkim. 11 (eleven) industrial units availed capital investment subsidy amounting to Rs. 45.94 crores.

## **2. Growth Centre**

The Ministry of Commerce & Industry, Government of India approved the establishment of Growth Centre at Samlik- Marchak and Namli in East Sikkim with both the State and the Central Government contributing towards its development since 2005. The basic infrastructural facilities are being developed by departments of the State Government like the Energy and Power Department, Roads and Bridges Department and the Water Supply & Public Health Engineering Department. These Departments have taken up construction of boundary pillars and road, electrification and supply of drinking water under the supervision of the Department of Commerce & Industries. The basic need for establishment of such Growth Centre is to get investors to invest and develop Sikkim into an investors' friendly state which would eventually lead to economic development and prosperity. The total area acquired for the Growth Centre is 42 acre out of which 20 acre has been transferred to Agriculture Department for Horticulture College and the rest land allotted to various companies for establishment of units through a lease deed.

## **3. National Mission on Food Processing (NMFP)**

The Scheme was launched in the year 2012-13. Under the mission a total grant of Rs.395.28 lakhs was received between 2012-13 to 2014-15. The NMFP Scheme has been delinked w.e.f. April, 2015, causing another setback on the pace of industrial development in the state to a considerable extent.

Under this scheme, Rs. 60.00 lakhs was approved by the State Empowered Committee for upgradation and modernization work of two PSUs viz: Government Fruit Preservation Factory at Singtam and Temi Tea Estate was taken up and completed during 2014-15.

#### **4. Border Trade at Nathula.**

The border trade via the Old Silk Route at Nathula reopened on the 6th of July, 2006 amidst huge expectations of improving the relation between the two upcoming superpowers of the world, India and China. It was also expected to help in achieving economic prosperity in the areas surrounding the Nathula Pass in both the countries. The Border Trade remains officially open for about six months every year from May to November.

The State Government also requested for change/ revision in the list of export/ import items for Nathula Border Trade .The consolidated items in the list as per the revised Public Notice No:110/2009-2014(RE-2010),dt:7<sup>th</sup> May,2012 are:

##### **A. Items of import:**

1.Wool 2.Goat Cashmere(Pasham) 3.Goat Skins 4.Sheep Skins 5.Yak Tails 6.Goats 7.Sheep 8.Yak Hair 9.Horses 10.Salt11.Borax 12.Szaibelyita 13.China Clay 14.Butter 15.Silk 16.Ready made garments 17.Shoes 18.Quilt/Blankets 19.Carpets 20.Local Herbal Medicine.

##### **B. Items of Export:**

1. Agricultural Implements 2. Blankets 3.copper products 4.Clothes 5. Textiles 6.Cycles 7.Coffee 8.Tea 9.Barley 10.Rice 11.Flour 12.Dry Fruit 13.Dry and Fresh Vegetables 14.Vegetable Oil 15.Gur and Misri 16.Tobacco 17.Snuff 18.Cigarettes 19.Canned Foods 20.Agro Chemical 21.Local Herbs 22.Dyes 23.Spices 24.Watches 25.Shoes 26.Kerosene Oil 27.Stationery 28.Utensils 29.Wheat (Ua & Buck) 30. Processed Food Items 31.Flowers 32.Fruits and Spices 33.Religious Products such as beads, prayer wheels, incense sticks and butter oil, lamps 34.Readymade garments 35.Handicraft and Handloom Products 36.Local Herbal Medicine.

The Government of India on the recommendation of Department of Commerce & Industries, Govt. of Sikkim has increased the Cost, Insurance and Freight (CIF) value of a single consignment from Rs. 1.00 lac only to Rs. 2.00 lacs only w.e.f.1.5.2015 and in lieu of PAN number sales tax certificate was also accepted.

## 5. PMEGP

The main objective is to generate employment opportunities in rural as well as urban areas of the country through setting up of new self employment ventures/projects and to bring together the traditional artisans /rural and urban unemployed youth and give them self employment.

To provide sustainable employment to large segment of traditional artisans and rural and urban unemployed youth and to increase the wage earning capacity of these unemployed youth.

### Funding under PMEGP /Eligibility

The maximum cost limit of Rs.25 lakhs for project /unit under manufacturing sector and Rs.10 lakhs under business/service sector.

Categories of beneficiaries under PMEGP	Own contribution	Rate of Subsidy	
		(of cost of Project)	
Area (location of Project/unit General category	10%	15%	25%
Special (including SC/ ST/ OBC/ minorities/ Women, Ex-servicemen, physically handicapped, NER, Hill and border areas etc.	05%	25%	35%

#### Eligibility:

1. Any individual above 18 yrs can avail PMEGP .There is no income ceiling for setting up of project.
2. Minimum qualification class VIII pass for manufacturing sector and above Rs.10 lakhs and above Rs.5 lakhs for business/service sector.
3. Assistance under the scheme is available only for new projects sanctioned specifically under the PMEGP.
4. SHG can also avail.

The beneficiaries are to submit their application for PMEGP at the nearest KVIC/SKVIB/DIC offices. The format of application may also be downloaded from the PMEGP website ([www.pmegp.in](http://www.pmegp.in))

The District Task Force Committee will scrutinize/recommend the application and forward it to the Banks; the Financing branch will sanction the project under PMEGP Scheme. Once sanctioned, a sanctioning order will be issued in favour of beneficiary under intimation to KVIC/SKVIB/DIC from whom the Government Subsidy will be availed.

After sanction the beneficiary must undergo EDP Training for the purpose of release of funds.

The Margin Money will be credited to the beneficiaries account as middle end subsidy to ensure proper utilization of funds.

The number of projects to be taken up during 2015-16 is 300 number.

### **III. Role of District Industries Centres**

The District Industries Centre was set up with an aim of effective promotion and development of small village and cottage industries in all the four districts of the State. The District Industries Centre is a wing of the Department of Commerce & Industries wherefrom support and services are rendered for rural transformation and generation of industrial growth and self-employment ventures. The District Industries Centers along with KVIC and KVIB have also implemented the Prime Minister's Employment Generation Programme (PMEGP) in the State to generate sustainable employment opportunities through establishment of micro enterprises in urban as well as rural areas. The centre also organizes and conducts Entrepreneurship Development Programmes or EDPs for grooming new and prospective entrepreneurs to establish small industries to generate employment opportunities.

There are two District Industries Centers to cater to the four districts of the State. They are as under:-

### ***(1) District Industries Centre- East & North***

This centre in Gangtok was established in September, 1986 and since then has been rendering services, emphasizing on creation of sustainable employment avenues for people of the east and north districts of the State.

The centre conducts training programmes for the rural artisans under the “Training to Rural Artisans Scheme” with the objective of providing training to village artisans’ various trades and giving opportunities to the rural artisans to improve their economic status by setting up small enterprises and use of improved tools. The center also provides financial and marketing assistance through banks and various other agencies as a follow up measure of the scheme.

### ***(2) District Industries Centre- South & West***

The District Industries Centre- South & West is another wing of the Commerce & Industries Department, established in September, 1978 at Jorethang. It provides all around support services for industrial growth and self employment ventures to the south and west districts of the State under a single roof.

The newly launched credit linked subsidy scheme called the Prime Minister’s Employment Generation Programme (PMEGP), for vetting and screening of loan proposals for further sponsoring of loan cases to different banks and financial institutions for sanction and disbursement.

Entrepreneurship Development Programmes are conducted, the basic objective of which is to guide the educated unemployed youth to take up self employment ventures through sustainable enterprise or presenting career option choice by instilling a sense of confidence through entrepreneurship education. The EDP has always been a good platform for gaining firsthand information to educated unemployed youth.

The Centre also participates in the Maghey Sankranti cum Traditional, Cultural and Tourism Festival held at Jorethang, South Sikkim, every year. The basic objective for participation is to encourage Rural Artisans for promotion and marketing of their products.

The revenue receipt of Commerce & Industries including two District Industries Centre for the year 2015-16 is Rs.32, 45,551-procured from Lease Rent and Industrial Development Fund.

#### **IV. Public Sector Undertakings under the Department**

##### ***1. Directorate of Handloom & Handicrafts (D.H.H.)***

The Cottage Industries which was established in 1957, has now been renamed as Directorate of Handicrafts and Handloom, which now has 29 branch centers including Headquarters at Gangtok. The Directorate is taking tremendous effort in providing training to local youth so as to make them self reliant and in the process generating employment opportunities. Training in different crafts as indicated below is imparted by expert technical Instructors:-

1. Carpet weaving
2. Blanket Weaving
3. Thanka Painting
4. Handloom
5. Mask Making
6. Wood Carving
7. Cane & Bamboo
8. Multicrafts
9. Angora Shawl Weaving
10. Soft Toys Making

The trainees are paid a monthly stipends during the period of training. The Directorate regularly participates in the fairs/exhibitions conducted all over the country.

##### ***2. Sikkim Handloom & Handicrafts Development Corporation Ltd. (S.H.H.D.C.)***

With the setting up of S.H.H.D.C. in the year 2003, the production and marketing units of the D.H.H. were transferred to the Corporation as a result of which production units were opened at Mangan, Melli, Dentam, Lingdong, Soreng, Kewzing, Namchi and Chakung. The Corporation also markets products of NGOs, Self Help Groups, Entrepreneurs, etc. by way of participation in exhibitions and fairs within the country and outside. It also gives the artisans a platform to interact and share knowledge with different craftsmen while selling their products.

Outlets for selling the products are at Gangtok, Rangpo, Soreng, Bagdogra Airport, Shilpgram Guwahati and New Sikkim House in New Delhi. Another outlet at Baba Kharag Singh Marg in New Delhi has also been allotted to the corporation.

The Corporation also conducts various training programmes under group approach of Integrated Handloom Development Scheme (IHDS) which is sponsored by the Ministry of Textiles, Government of India.

The revenue receipt of Directorate of handloom & Handicraft for the year 2015-16 is Rs.4.50 lakhs (till December 2015)

### **3. Sikkim Industrial Development and Investment Corporation Limited (S.I.D.I.C.O.)**

S.I.D.I.C.O. was established on 13th March, 1977 with the main objective to provide long term loans for setting up tiny, small and medium scale industries and for expansion, diversification and modernization, setting up and development of industrial estate and achieving industrial and economic development of the state and participation in share capital of joint sector projects.

SIDICO has also granted loans to students wanting to pursue higher education in technical/ professional/ post graduate courses within and outside India as Comprehensive Education Loan. The loan is interest free during the course period and thereafter charged at affordable and nominal rates.

SIDICO also provides loans to educated unemployed youth for setting up of self employment ventures through service and business routes under the Chief Minister's Self Employment Scheme.

The loan recovery for the year 2015-16 stands at Rs.820.00 lakhs

### **4. State Trading Corporation of Sikkim. (S.T.C.S.)**

S.T.C.S. was established on the 30th of March, 1972 under a proclamation of procuring trading goods on behalf of the various departments of the Government of Sikkim. From 1975, it has been acting as an agent for the Indian Oil Corporation of India for distribution of L.P.G. cylinders in Sikkim. It is also deals supplying all construction materials, bitumen, etc to the State Government Public Works Departments. The Corporation has its head office at Deorali, Gangtok and branch offices in Baiguney, West Sikkim, Siliguri and Kolkata.

STCS is basically a trading organization engaged in procurement of materials on behalf of the Government of Sikkim. STCS have 89 nos. of employees. Apart from trading activities the STCS is also engaged in distribution of LPG Cylinders in West, North & East Sikkim.

## **5. Government Fruit Preservation Factory (G.F.P.F.)**

Government Fruit Preservation Factory (GFPPF) established in the year 1956 is one of the oldest Governmental set up of the Government of Sikkim. This unit has facilities to process fruits, vegetables and is presently producing range of fruit squashes, pickles, jams, marmalades.

This Factory also has a modern water packaging plant and very recently launched fruit drinks in tetra-pack. This factory has renovated its production area and now looks forward to expand its market base from existing markets in Sikkim, North Bengal to other areas of the country.

The factory has immediate plans to set up PET bottle manufacturing unit and pouch packaging line soon.

Recently the GFPPF has received Organic Certification from Onecert Asia Certification Agency from Jaipur which is another feather in its cap. New products of Organic Ginger and Papaya candy, Sea Buckthorn energy drink have been launched.

The revenue receipts from sale proceeds for the year 2015-16 is Rs.302.00 lakhs (till January 2016).

## **6. Sikkim Khadi & Village Industries Board (S.K.V.I.B.)**

The Sikkim Khadi & Village Industry Board was set up in the year 1978 with the purpose of promoting traditional trade and rural resource potential as an industry and promotion of marginal traditional rural industrial activity in line of industrial development initiatives to become an instrument of economic development in the state.

It is an autonomous agency administered and managed by the Board of Directors through its Chief executive Officers. The Chairman and Chief Executive Officer are appointed by the State Government with its headquarter at 31A National Highway, Deorali, Gangtok.

Its objective has been to enlarge the items of its activities, increase the number of artisans, raise the level of technology, improve earnings, adoption of institutional finance, improvement in quality, reduction in cost and above all to provide gainful employment in the rural areas of the state. The board has opened a number of training-cum-production centers in all four districts

of Sikkim. The artisans training is organized locally in the production centers where emphasis is laid on hand spun products, as well as utilization of waste products, usage of improved implements and equipments, establishment of service centers for carding, combing process and finishing.

The Board also recommended various proposals to banks and financial institution under the Prime Minister's Employment Guarantee Programme.

Revenue receipt from sale proceeds for the year 2015-16 is Rs.22.51 lakhs(till Dec 2015).

### ***7. Temi Tea Estate***

Temi Tea Estate in South Sikkim is the only Tea Estate in Sikkim. Tea Plantation in Temi was commenced in the year 1969. The area is agro-climatically well suited for the cultivation. The altitude of planted area ranges between 4800 to 6000 ft msl. The total geographical area of the estate is 224.30 hec. The extent of area under tea plantation is 178ha. And the annual production of the Tea Garden is around 100mt. Approximately 40% of the existing tea area comprises good quality cloned materials and the remaining area is under chinary seeds.

Temi Tea Estate is governed by Tea Board of Sikkim under Commerce & Industries Department. The Unit was set up in 1976 and became operational in 1977, the installed capacity of the unit is 1.10 lakh kgs of Orthodox made Tea. The Unit operates in single shift per day and 220 days (9 month from March to Nov) 6 days/ week.

Temi Tea Estate is certified as organic Tea Garden by the Institute for Marketecology (IMO CONTROL, Bangalore) a member of IMO Group, Switzerland in the year of 2008. In fact, Temi Tea Estate is the first unit to be certified as fully organic in the state. The Garden is also HACCP certified as per ISO 22000 Standard under the food safety management system.

Temi Tea Estate also started manufacture of Oolong Tea & Green Tea from the year 2013 & 2014 respectively mainly to diversify the product range as well as to meet up the demand of diverse consumers.

Value addition has also been done to inferior grades of Tea by packing in Tea bags for Orthodox black tea, Green tea and Oolong tea by which the value of tea upgraded almost doubled. White tea is also being manufactured by Temi

Tea Estate from the current year, which is highly expensive tea costing around Rs. 13,500.00/kg. and specifically for health benefits.

Flavoured teas viz. Ginger tea, Tulsi Tea are also being manufactured to meet up the diverse requirement of consumers by which Temi Tea Estate fetching better average price for its teas.

The garden is selling approximately 70% of total production through Kolkata Auction Centre and remaining 30% is converted into retail packet which is being sold in retail market. First flush & Second Flush tea manufactured during the month of March- April and May- June respectively are the premium crop and fetches attractive price in Kolkata auction centre. Premium teas are purchased by buyers from Germany, UK & Japan.

Online supply of Temi Tea Estate also being initiated through online portal with the active participation of private enterprises like :

greenarkorganics.com  
teabox.com  
giskaa.com  
lotuscoffeeshop.com  
myoutava.co.

The revenue receipt of Temi Tea Estate from sale proceeds stands at Rs.3, 41, 30,927 for the year 2015-16.